

IN THE SUPREME COURT OF THE STATE OF NEVADA

CITY OF LAS VEGAS, A POLITICAL
SUBDIVISION OF THE STATE OF
NEVADA,

Appellant,

vs.

180 LAND CO., LLC, A NEVADA LIMITED-
LIABILITY COMPANY; AND FORE STARS,
LTD., A NEVADA LIMITED-LIABILITY
COMPANY,

Respondents.

180 LAND CO., LLC, A NEVADA LIMITED-
LIABILITY COMPANY; AND FORE STARS,
LTD., A NEVADA LIMITED-LIABILITY
COMPANY,

Appellants/Cross-Respondents,

vs.

CITY OF LAS VEGAS, A POLITICAL
SUBDIVISION OF THE STATE OF
NEVADA,

Respondent/Cross-Appellant.

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LAW OFFICES OF KERMITT L. WATERS

Kermitt L. Waters, Esq.

Nevada Bar No. 2571

kermitt@kermittwaters.com

James J. Leavitt, Esq.

Nevada Bar No. 6032

jim@kermittwaters.com

Michael A. Schneider, Esq.

Nevada Bar No. 8887

michael@kermittwaters.com

Autumn L. Waters, Esq.

Nevada Bar No. 8917

autumn@kermittwaters.com

704 South Ninth Street

Las Vegas, Nevada 89101

Telephone: (702) 733-8877

*Attorneys for 180 Land Co., LLC and
Fore Stars, Ltd.*

LAS VEGAS CITY ATTORNEY'S OFFICE

Bryan K. Scott, Esq.

Nevada Bar No. 4381

bscott@lasvegasnevada.gov

Philip R. Byrnes, Esq.

pbyrnes@lasvegasnevada.gov

Nevada Bar No. 166

Rebecca Wolfson, Esq.

rwolfson@lasvegasnevada.gov

Nevada Bar No. 14132

495 S. Main Street, 6th Floor

Las Vegas, Nevada 89101

Telephone: (702) 229-6629

Attorneys for City of Las Vegas

CLAGGETT & SYKES LAW FIRM

Micah S. Echols, Esq.

Nevada Bar No. 8437

micah@claggettlaw.com

4101 Meadows Lane, Suite 100

Las Vegas, Nevada 89107

(702) 655-2346 – Telephone

*Attorneys for 180 Land Co., LLC and
Fore Stars, Ltd.*

McDONALD CARANO LLP

George F. Ogilvie III, Esq.

Nevada Bar No. 3552

gogilvie@mcdonaldcarano.com

Amanda C. Yen, Esq.

ayen@mcdonaldcarano.com

Nevada Bar No. 9726

Christopher Molina, Esq.

cmolina@mcdonaldcarano.com

Nevada Bar No. 14092

2300 W. Sahara Ave., Ste. 1200

Las Vegas, Nevada 89102

Telephone: (702) 873-4100

LEONARD LAW, PC

Debbie Leonard, Esq.

debbie@leonardlawpc.com

Nevada Bar No. 8260

955 S. Virginia Street Ste. 220

Reno, Nevada 89502

Telephone: (775) 964.4656

SHUTE, MIHALY & WEINBERGER, LLP

Andrew W. Schwartz, Esq.

schwartz@smwlaw.com

California Bar No. 87699

(admitted pro hac vice)

Lauren M. Tarpey, Esq.

ltarpey@smwlaw.com

California Bar No. 321775

(admitted pro hac vice)

396 Hayes Street

San Francisco, California 94102

Telephone: (415) 552-7272

Attorneys for City of Las Vegas

6.4 Evaluation and Implementation

The following Public Finance Evaluation and Implementation Matrix (EIM - see next page) was prepared as a measurable summary of the above Public Finance Policies and Programs. The EIM is to be used :

- as a method of measuring the implementation progress of the General Plan
- as a budgeting document for specific Public Finance programs
- as a tool for further developing work programs

The following abbreviations apply to the Evaluation and Implementation Matrix

City Departments

CA	City Attorney
CM	City Manager
CP	Community Planning
ED	Economic and Urban Development
FN	Finance
PW	Public Works

Definitions

Ad Valorem: A tax or duty levied in the form of dollars per thousand or in mills (thousandths), on the value of property. For example, 4 mills equals a levy of \$4 dollars per thousand dollar of property value.

Assessed Valuation: The ratio of taxable value against which taxes are levied.

Assets: Are real tangible items owned by an entity, such as buildings, land or equipment.

Bond: A certificate of indebtedness incurred by a governmental entity which must be repaid over a period of time by a pledge of tax revenues or other public resources.

Bond Rating: A simple system of bond gradation, dependent on entities ability to repay the borrowed debt.

Budget: A statement of receipts and expenditures needed by the government to carry out its function in a particular period of time, usually a fiscal year.

Capital Improvements: Are a major addition to the City's inventory of assets. The definition used by the City of Las Vegas is "any undertaking to construct, renovate, improve, equip, furnish or acquire any building, structure or facility, or any physical improvement to land, provided the title will rest with the City of Las Vegas and the project has an estimated useful life in excess of five years and an estimated cost of \$20,000 or more."

Capital Improvements Plan: Is a plan which determines revenues over a period of time and the capital projects which will be financed over that same period of time. The City of Las Vegas CIP covers five years and is revised annually.

Capital Projects: Will comprise capital improvements involving sewer lines, drainage facilities, construction, purchase or renovation of land, buildings, streets, or any other physical structure.

Debt Financing: The act of borrowing monies to build a capital asset.

Debt Limit: The State of Nevada sets an upper limit to the amount a city can finance with debt, that is 20% of the assessed value of the entire city.

Debt Service: The combined annual principal and interest amount due on incurred debt including loans, revenue anticipation notes, and bonds.

Economic Plan: Is a section of the General Plan, which summarizes the allocation of public monies for capital projects.

Enterprise Fund: A separate entity for accounting and budget purposes which is self-supporting. Expenditures are supported only by earnings, fees, and charges for services rendered.

General Plan: A plan is a comprehensive document to analyze what a city has, what it will need, and how best to get there.

Impact Fees: Charges assessed against new development set at a level to recover a portion of costs incurred by the governmental entity to provide improvements necessary to maintain current service standards.

Intergovernmental Sources: Are revenues that are received from other governmental entities, i.e. example, the federal government to the local level. Internal Rate of Return: Is the discount rate which equates the present value of the expected expenditures with the present value of expected inflows.

Liabilities: Are liens against assets. They include short and long term debt. Market Value: The value of a product on the open market, the cost of purchase.

Net present value: A method of equating future monetary values with current dollars to analyze a projects feasibility.

Own Source: Are revenues that a local government raises itself through taxes and charges for services.

Operating Costs: These are the yearly costs attributed to the maintenance and upkeep of the capital facility.

Property Taxes: Taxes levied on ownership of property and measured by its value.

Revenue: All amounts of money received by a government from external sources.

Revenue Bond: A certificate of indebtedness to be paid back out of specific pledged revenues as opposed to general or ad valorem taxes.

Special Revenue Fund: A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Taxable Value: The value at which property is appraised for tax purposes.
Taxes: Compulsory contributions exacted by a government for public purposes.

6.4 Public Finance Element: Evaluation and Implementation Matrix					
Policy Program	Summary	Responsible Departments	Date	Action Product	Remarks
	<u>Adequate Facilities</u>				
A1.1	Establish planning and service areas	PW, CP, FN	1993	Develop areas for planning capital improvements	growth boundaries
A1.2	Establish guidelines with other jurisdictions for service provision	CP, FN, PW CA	1993	Develop intergovernmental agreements	
A1.3	Coordinate planning and capital improvements with utilities	CP, FN, PW Utilities	1993	Arrangements with the utilities for providing services	interorganizational agreements
A1.4	Coordinate planning and capital improvements with other jurisdictions	FN, PW, CP Area Jurisdictions	1993	Arrangements with area jurisdictions for services	intergovernmental agreements
A2.1	Inventory outstanding capital projects	FN, PW, CP	1993	Determine overall need unmet	
A2.2	Prioritize all potential projects	FN All Departments	1993	Develop a method of best prioritizing projects for selection	
A2.3	Forecast fiscal capacity	FN		Annual forecasting of revenues and expenditures to determine capacity	
	<u>Selection, Monitoring, and Evaluation</u>				
B1.1	Continue funding adequate services for existing and future growth	FN	Continue	Provide the financing for services	
B1.2	Establish financing criteria to best match projects and funding	FN	1993	Study and select best technique for financing capital projects	
B1.3	Analyze projects and annexations on a fiscal basis	FN CP	1993	Use fiscal tools to determine cost impacts to the City	
B2.1	Prioritize financing uses	FN	1993	Establish priorities to allocate types of funds	

C1.1	Economic Development Expansion	FN, PW, ED CP	1993	Use public facilities to attract economic development	
	Develop through debt financing attractive public facilities				
D1.1	Tying Capital Improvements to the City General Plan	FN, CP	1993	Join the CIP and the General Plan to guide growth	
	Coordinate the capital improvements plan with the land use element				

VII. Economic Dev.

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VII. ECONOMIC DEVELOPMENT

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7.1 Background

7.1.1 Introduction

Economic needs vary substantially between communities. Factors affecting the Las Vegas economy are discussed in Section 7.1.6. Growth and development in a community are influenced by a number of factors including: Regional location, market type and size, transportation access, land costs, tax structure, natural and human resources, availability of finance and local government support.

However, no economic entity exists alone; today, more than ever, economies are tied together by world markets and fierce competition. An examination of one sector of the economy does not determine what the overall picture is at the local level.

Here we will examine the economy on several levels, including national, state, county, and city, relating each to the next level, and showing their interrelationships. The multi-level approach will also provide a sound basis for formulating economic development strategies to assist the City of Las Vegas in achieving its economic goals.

7.1.2 National Economy and Trends

Economic activity slowed in 1990, after several years of steady growth and unemployment reached 6.5%, a two year high. Both consumer durables and non durables sales declined. Business spending on plants and equipment, as well as housing construction fell. Industrial production was unchanged while corporate profits edged down. All of these indicators suggest a slowdown in both the corporate and consumer sectors. The national

economy is in a mild recession. Table 1 displays economic growth indicators.

As shown by the economic indicators, the economy can best be characterized as stagnant. 1991 forecasts indicate a small increase in GNP, but not at the average rate of increase experienced in the late 1980s. Expected consumer price increases and a potential for a decrease in disposable income, mean the average American will have less income after purchasing basic needs, such as housing and food. Thus, there is less disposable income and less potential gaming dollars. Clearly, this could affect the tourism/gaming economy.

Beyond the economic indicators, the federal government spending has an impact on the economy. Most federal spending, with one exception, is expected to remain steady. That exception is defense spending, which will decrease in the coming years. Base closings are scheduled nation-wide, as well as a decrease in overall spending.

Trends

An examination of national economic trends can provide insights into economic activity in the State, the County, and the City of Las Vegas. A number of trends can be identified, which have a bearing on economic activities, including: 1) the changing structure of the national economy, 2) the emergence of a global economy, 3) technology and education, 4) changing consumer values, 5) the restructuring of American corporations and 6) demographic changes.

Economic Structure

Once dominated by agriculture, then manufacturing, the national economy has again changed. The 1990's and beyond will be known as the information or service economy.

Las Vegas is one of the premier service cities in the world and has always been dependent on the service industry. Any national change will have little effect on Las Vegas. In fact, efforts are underway to diversify the economy to become more stable in a recession economy, or a change in gaming habits.

Global Economy

A global economy affects all economies. Fortunately, Las Vegas is a world tourist destination. Tourism and gaming brings millions of dollars to the City each year. However, if tastes change or other gaming destinations are created, Las Vegas could suffer.

Technology and Education

Many technologies, such as the personal computer, were only prototypes a decade ago. Industry has used robotics and other types of machines to replace the human on the assembly line and in other places.

As technology becomes more advanced there is a greater demand placed on the educational system. Las Vegas must provide an educated workforce if it plans to compete for modern high tech firms, to diversify its economy.

Changing Consumer Values

Consumers demand products that are specialized and customized to meet their needs, unlike the standard products of days gone by. Services also must become customized to meet

Table 1

Leading National Economic Indicators			
	1989	Estimate 1990	Forecast 1991
Gross National Product in (billions)	5,201	5,471	5,750
Real GNP (billions in 1982 dollars)	4,118	4,155	4,188
Corporate Profit after Taxes (billions)	173	175	172
Unemployment Rate	5.30%	6.50%	7.00%
Increase in:			
Producer Prices	5.00%	3.50%	4.50%
Consumer Prices	4.80%	5.70%	6.10%
Productivity	0.90%	0.00%	1.20%
Prime Rate	10.90%	9.90%	9.40%

Source: 1991 Economic Forecast, Central Bank - Denver

GP.ED Table 1 Natl Econ:DL:pm/8-20-91

changing needs of consumers.

Since consumers are more demanding, firms must cater to these special needs. Gaming must also change to capture the entire family and non-gaming tourist.

Restructuring of US Corporations

Many local or regional firms have been acquired and consolidated to form huge corporations and are part of world-wide operations. Today's firms are large and less attached to any one geographic place. Firms are interested in competitive advantages. Las Vegas will need to compete worldwide in order to attract corporations.

Changing Demographics

Many demographic trends are noticeable, including: decreasing persons per household, increased birth rate over

the last decade and the overall aging of the population.

The "Graying of America" is well documented, and this trend will continue to positively affect Las Vegas. Las Vegas's economy is beginning to respond to a large retirement industry, as evidenced by Summerlin Sun City.


Overall, these national trends will affect Las Vegas favorably. As a tourist destination, Las Vegas appears in good shape. Visitor volume, as measured by conventions and gaming revenues, have increased over the last decade. The casino industry has diversified to capture the family market. However, dependence on one industry is risky, and the need for economic diversity is important to the well being of the City of Las Vegas.

7.1.3 Nevada State Economy

The slowing national economy could affect the State of Nevada in many ways. The major effect could be a decrease in overall gaming revenues if disposable incomes fall dramatically. However, during past national slowdowns, the gaming industry was affected slightly. Thus, a stabilization or a decrease in the rate of growth may be the major effect on the gaming industry. An economy that grows more slowly may cause the state to become more dependent on gaming, since there will be fewer economic opportunities elsewhere for expansion.

Table 2 displays the makeup of the State of Nevada labor force since 1980, as grouped in eight sectors. Establishment based employment excludes the agriculture workforce and the self-

Table 2

<div>  State of Nevada Establishment Based Industrial Employment </div>						
<i>Employment Share Comparison</i>	<i>1980</i>	<i>% Share</i>	<i>1985</i>	<i>% Share</i>	<i>1989</i>	<i>% Share</i>
Mining	6,398	1.60	6,241	1.40	13,600	2.34
Construction	26,393	6.60	23,627	5.30	45,000	7.74
Manufacturing	19,595	4.90	21,844	4.90	25,400	4.37
Trans. & Public U. (1)	24,794	6.20	25,411	5.70	30,600	5.26
Trade	79,580	19.90	90,943	20.40	119,700	20.58
FIRE (2)	17,996	4.50	21,398	4.80	25,500	4.38
Service	174,356	43.60	196,152	44.00	251,100	43.17
Government	57,986	14.50	60,183	13.50	70,800	12.17
Totals:	399,900		445,800		581,700	
Jobs Added	na		45,900		135,900	
% Increase	na		11.48%		30.48%	
State Population	800,508		969,450		1,128,191	
Employ/Pop Ratio	49.96%		45.98%		51.56%	

Source: Nevada Employment Security Department
(1) Transportation & Public Utility Employment (2) Financial, Insurance, & Real Estate Employment

GP.ED Table 2 State NV;DL:pm/9-9-91

Figure 1

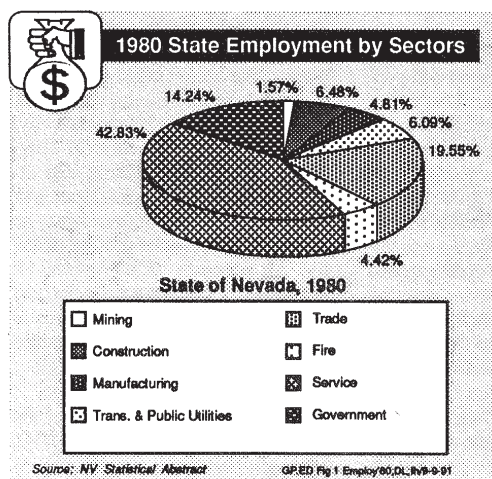
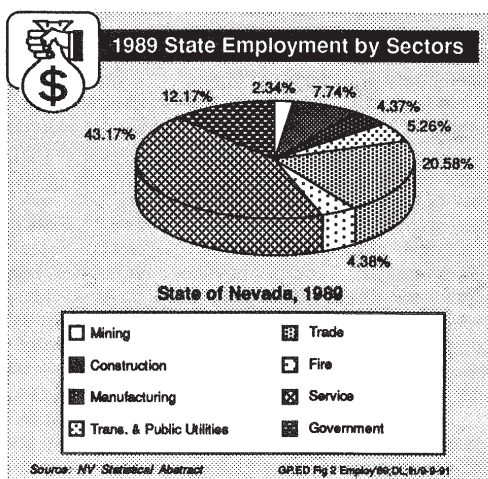


Figure 2



employed, as these are minor segments of the overall economy. Total employment has increased from 399,900 in 1980 to 581,700 in 1989, an increase of 180,000 jobs. All sectors have added jobs over the decade. The significance is the relative percentage growth of the various sectors.

However, of the eight major categories, only construction, mining, and the trade sectors increased in percentage of total workforce over the decade. Service, Financial, Insurance and Real Estate (FIRE), and manufacturing have remained stable. While, government and transportation and public utilities decreased as a percentage of the total workforce over the decade.

The dominant sectors in the state are: service, trade, and government. These sectors alone make up over 75% of the total workforce.

Nevada's establishment based employment was over 581,000 in 1989, up from 399,000 in 1985. Nevada's hotel, gaming, and resort industries continue to dominate the service sector by supporting nearly 2 of every 3 service jobs. Overall, 150,000 jobs

were in the gaming/hotel industry. Throughout the 1980's about 43% of the workforce was in the service sector. Nationally, the service sector accounts for about 25% of non-agricultural employment. See Figure 1 & 2.

- State-wide, the mining industry has expanded over the last few years, largely in the northern rural counties. The mining share of the economy has increased from 1.6% of the total workforce in 1980, to 2.3% in 1989.
- The construction industry has been supported by the expanding gaming and mining industries, and the dramatic increase in population. About 7.7% of the state's total workforce is employed in the construction industry, compared to the national figure of about 5% in that sector.
- The manufacturing sector has decreased from 4.9% of total workforce in 1980 to 4.3% in 1989. Still, the sector added about 5,000 jobs over the decade.
- The Transportation and Public

Utilities sector decreased over the 1980 to 1989 period, from 6.2% to 5.2%.

- The trade sector expanded from 19.9% of total state employment in 1980 to 20.5% in 1989, an increase of over 30,000 employees.
- Finance, insurance, and real estate (FIRE) was 4.5% of total state employment in 1980 and decreased to 4.4% in 1989.
- The service sector decreased slightly over the 1980 to 1989 period, from 43.6% to 43.2%. However, the service sector dominates the economy, has added nearly 75,000 new jobs over the decade.
- The Government workforce declined from 14.5% in 1980 to 12.17% in 1989. Still, the sector added 13,000 employees over that period.

The largest gains, measured by new jobs, were in the service, trade, and construction industries. Other economic indicators, such as population growth and personal income have also

increased. The state had a 5.5% population growth and a 13% increase in personal income over the decade.

The state economy could be best characterized as a time of job expansion, rising incomes and low unemployment. However, in the next decade, growth is likely to continue, but at a slower rate, depending on the length and severity of a national slowdown.

7.1.4 Clark County Economy

The national economy affects the state and Clark County, which is the dominant gaming county in the state. Defense monies are also very important to the county, with Nellis Air Force Base and the Nevada Test Site being important local facilities.

Clark County's population is rapidly growing, with people relocating here from all over the nation. The lure of good jobs in the gaming and construction industries are the major incentive, as is the favorable climate and tax structure. The majority of new residents are coming from the southwest (53%), California alone accounts for 32% of the increase. However, if job opportunities are not available, growth will slow dramatically, especially when coupled with a potential water shortage.

As the U.S. population ages, the retirement industry will continue to be strong in Clark County. About 30% of new residents are in the 55+ age category. The majority of retirees are relocating from California. The Summerlin Sun City development in the southwest section of town will eventually provide housing for an additional 150,000 people, many of which will be in the senior citizens market.

The scarcity of natural resources also has a major impact. Water is a precious resource in the area and the shortage of water will have an effect on develop-

ment. The Las Vegas Valley Water District recently stopped issuing "will serve" letters of commitment to provide water. Only projects that have been approved or are under construction will receive water service commitment allocations. Thus, construction will begin to slow throughout the area as existing projects are completed.

Table 3 displays Clark County's total workforce by the same eight sectors used for the state workforce. The service sector is also dominant at the county level, followed by trade, government, construction, and transportation and public utilities. The service, trade and government sectors made up over 77% of the workforce in 1989.

Over the last decade only the construction and trade sectors increased as a percentage of the total workforce. Four sectors declined over that period—manufacturing, transportation and public utilities, government, and service. The other sectors, mining and FIRE, were relatively unchanged. See Figures 3 and 4.

- Mining makes up a very small percentage of the county workforce, and has declined from 0.23% in 1980 to 0.09% in 1989.
- Construction employment has more than doubled over the decade, from 13,800 to 31,400. As a percentage of the workforce it has expanded from 6.25% in 1980 to 9.22% in 1989.
- Manufacturing accounted for only 3.1% in 1980 and has decreased to only 2.9% of total workforce. Only 3,000 jobs have been added in the sector between 1980 and 1989.
- Transportation and public utilities have decreased from 5.9% to 5.2% over the 1980 to 1989 period.
- Trade has increased from 20.5% in 1980 to 21.3% in 1989. The total workforce expanded from 45,300 to 72,500.

- Financial, insurance, and real estate experienced a slight increase from 4.6% to 4.8% and a gain of 6,000 employees over the 1980 to 1989 period.
- The service sector added over 50,000 jobs, but still declined as a percentage of total employment from 47.5% to 45.8% over the 1980-1989 period.
- Government decreased from 11.8% in 1980 to 10.5% in 1989 as a percentage of employment. Nearly 10,000 jobs were added to this sector.

Over the decade nearly 120,000 of the new jobs in the state were created in Clark County. Total county employment grew from 220,900 in 1980, to 340,000 in 1989, a 35% increase. Clark County dominates the state economy, 58% of total state employment is in the county. The county, as the state, is expected to grow, but not at the rates experienced over the last decade.

7.1.5 Comparative Share Analysis

Comparison share analysis is a two step process. The first step is to determine the percentage makeup (shares) of the workforce employed in the various economic sectors. This has been shown in the previous tables displaying state and county employment. The second step is to compare the economic sector percentage shares between the county and the state, and the city and competitor cities. A time dimension has been added to the State/County comparison to allow for trend analysis. There are data from 1980, 1985 and 1989 to aid in the analysis.

A common strategy in economic development is to analyze the local economy for opportunities in specialized markets, then pursue firms in that

Table 3

Clark County Establishment Based Industrial Employment						
Employment Share Comparison	1980	% Share	1985	% Share	1989	% Share
Mining	500	0.23%	400	0.16%	300	0.09%
Construction	13,800	6.25%	13,400	5.35%	31,400	9.22%
Manufacturing	6,900	3.12%	7,800	3.11%	8,900	2.91%
Trans. & Public U. (1)	13,100	5.93%	14,700	5.86%	17,900	5.26%
Trade	45,300	20.51%	51,600	20.58%	72,500	21.30%
FIRE (2)	10,200	4.62%	12,600	5.03%	16,400	4.82%
Service	105,000	47.53%	121,200	48.34%	155,000	45.83%
Government	26,100	11.82%	29,000	11.57%	36,000	10.58%
Totals:	220,900		250,700		340,400	
Jobs Added	na		29,800		89,700	
% Increase	na		13.49%		35.76%	
County Population	463,100		567,100		733,180	
Employ/Pop Ratio	47.70%		44.21%		46.43%	

Source: Nevada Employment Security department (1) Transportation & Public Utility Employment (2) Financial, Insurance, & real Estate Employment

Figure 3

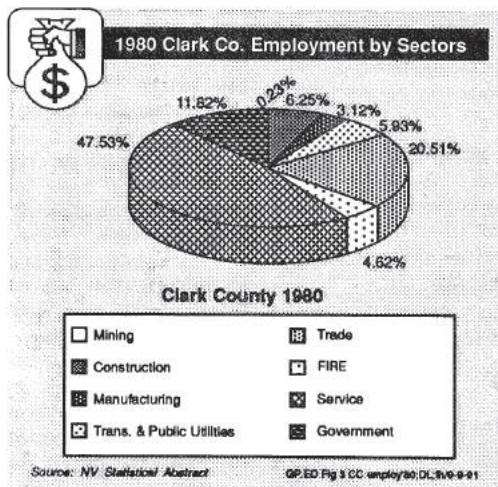
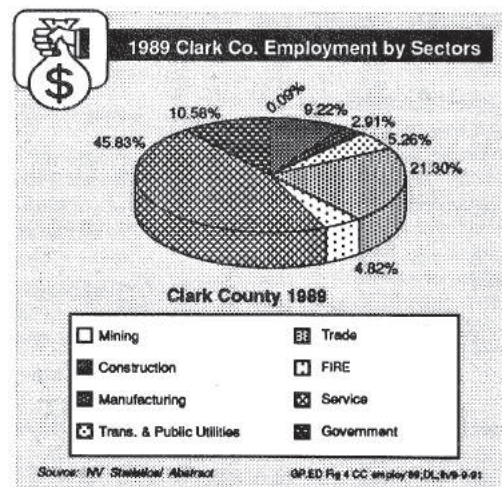


Figure 4



industry. Once a specialization is found, it and other closely related industries are targeted for attraction. However, Las Vegas is unique in its present specialization because the hotel/gaming industry is obviously the dominant industry in the area. However, less visible specializations may exist, and they should be identified and studied in or-

der to better diversify the economy.

Overall, comparative share analysis provides a solid foundation of economic analysis on which to develop a diversification strategy. Since Las Vegas is located in the heart of the Southwestern region, four competitor cities have been identified. These

competitor cities include: Los Angeles, California; Phoenix, Arizona; Salt Lake City, Utah; and Denver, Colorado.

Comparing the various economic levels shares highlights sectors where the Las Vegas economy excels or lags. The knowledge of the differences is not intended to develop policy for achieving equal proportional shares as the other economies. Many factors unique to one economy cannot be transferred to another area. However, the information of where large differences occur will help focus efforts for diversification, or at least provide the basis for further study.

7.1.5.1 State/County Comparison

Figure 5 displays state employment and Clark County employment levels in 1989. Easily noticed is the near "mirror" image between the two economies. Figures 6 and 7 show the employment growth over the last decade for the state and county. However, that similarity is misleading, since Clark County represents 58% of total state employment.

Table 4 displays the percentage shares and percentage share differences, then modifies the comparison by eliminating Clark County from the State. Thus, the analysis becomes Clark County to the rest of the State. Notice the difference in the percentage share differences. Mining, government, and manufacturing are the largest negative disparities. While service and construction become more concentrated in Clark County. As an example, in 1980 construction in Clark County was 6.25% of the total workforce, while at the State level 7.04% were employed in that sector. In 1989 the shares were 9.22% and 5.64% respectively. Thus, from 1980 to 1989 construction in Clark County, as a percentage of the workforce, increased by 4.38%.

Figure 5

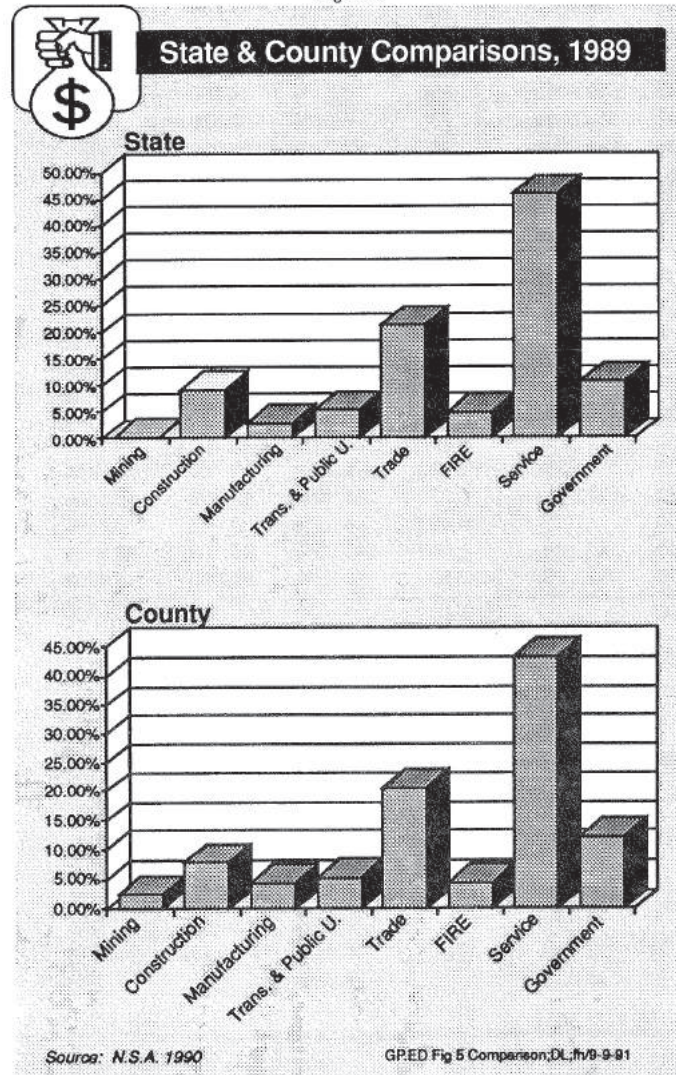


Table 4



Economic Comparisons

1980 Employment Share Comparison	State of Nevada	% Share	Clark County	% Share	State minus CC	% Share
Mining	6,398	1.60%	500	0.23%	5,898	3.30%
Construction	26,393	6.60%	13,800	6.25%	12,593	7.04%
Manufacturing	19,595	4.90%	6,900	3.12%	12,695	7.09%
Trans. & Public U.	24,794	6.20%	13,100	5.93%	11,694	6.53%
Trade	79,580	19.90%	45,300	20.51%	34,280	19.15%
FIRE	17,996	4.50%	10,200	4.62%	7,796	4.36%
Service	174,356	43.60%	105,000	47.53%	69,356	38.75%
Government	57,986	14.50%	26,100	11.82%	31,885	17.81%
Totals:	399,900		220,900		179,000	

1989 Employment Share Comparison

Mining	13,600	2.34%	300	0.09%	13,300	5.51%
Construction	45,000	7.74%	31,400	9.22%	13,600	5.64%
Manufacturing	25,400	4.37%	9,900	2.91%	15,500	6.42%
Trans. & Public U.	30,600	5.26%	17,900	5.26%	12,700	5.26%
Trade	119,700	20.58%	72,500	21.30%	47,200	19.56%
FIRE	25,500	4.38%	16,400	4.82%	9,100	3.77%
Service	251,100	43.17%	156,000	45.83%	95,100	39.41%
Government	70,800	12.17%	36,000	10.58%	34,800	14.42%
Totals:	581,700		340,400		241,300	

1980 vs 1989 Comparison	% Share Difference	% Share Difference	Trend
Mining	-3.07%	-5.42%	-2.35%
Construction	-0.79%	3.59%	4.38%
Manufacturing	-3.97%	-3.52%	0.45%
Trans. & Public U.	-0.60%	0.00%	0.60%
Trade	1.36%	1.74%	0.38%
FIRE	0.26%	1.05%	0.78%
Service	8.79%	6.42%	-2.37%
Government	-6.00%	-3.85%	2.15%

Source: Nevada Statistical Abstract 1990

GP.ED Table 4 Comparisons;DL;pm/2-30-92

Figure 6

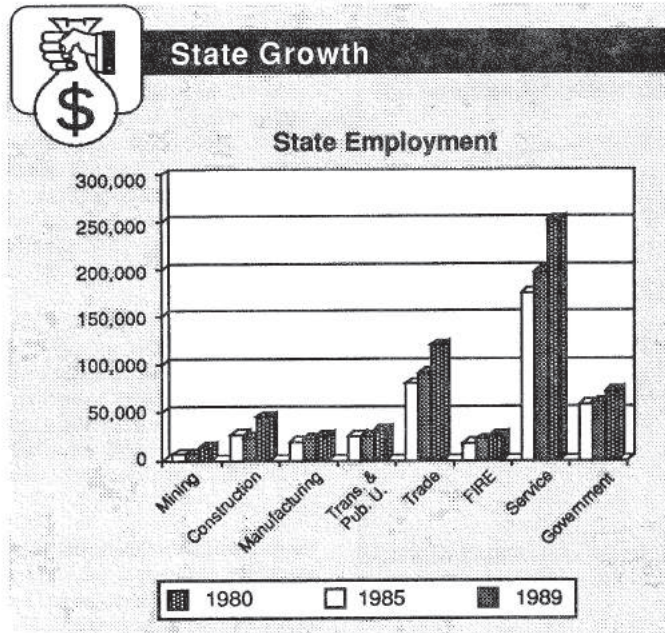
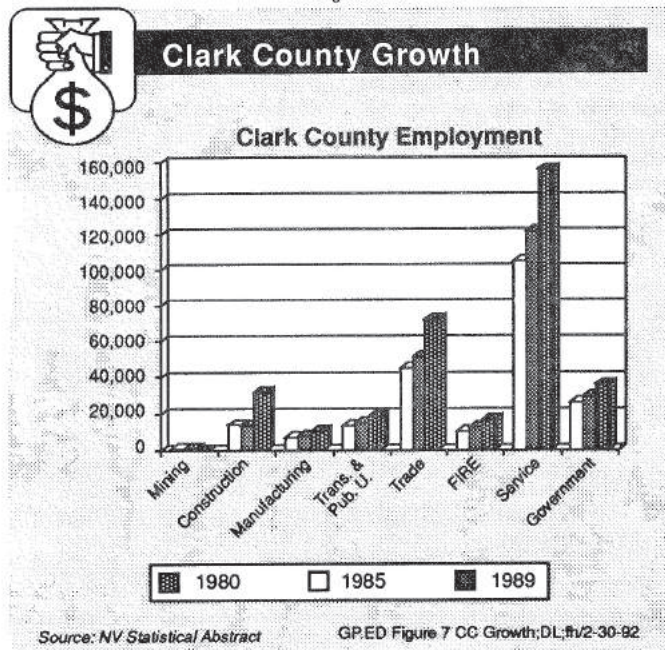


Figure 7



7.1.6 Las Vegas Economy

The City of Las Vegas was founded in 1800 as an outpost on the Mormon Trail. The 1990 U.S. Census estimates 258,000 people reside in Las Vegas. Projections for the year 2000 indicate that about 390,000 people will call Las Vegas home. As recently as 1950, less than 25,000 people resided here.

The Las Vegas area economy includes the City of Las Vegas and its urban area. The service sector is the major employer, dominated by the Hotel/Gaming industry. However, the metropolitan region has a population of about 750,000. Industrial, retail and commercial functions as well as the gaming functions exist, providing jobs to over 340,000 residents.

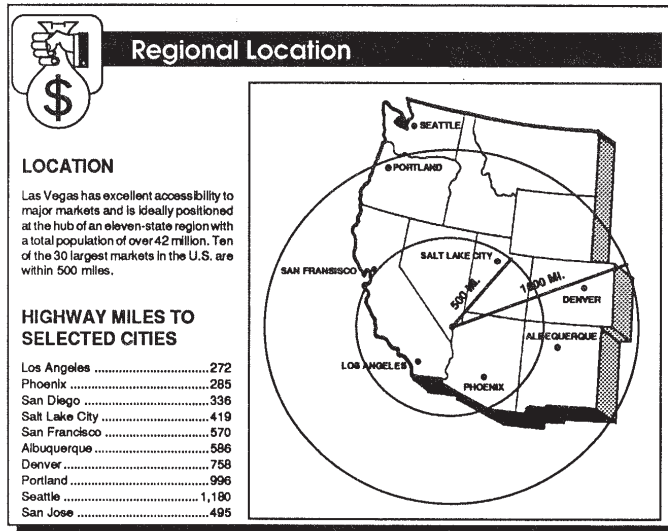
Las Vegas' regional location provides excellent accessibility to major markets. Ten of the largest markets with a population of over 30 million are within 500 miles, making this the transportation hub of the fastest growing region in the country. US-95, Interstate 15, the Union Pacific Railroad and McCarran International Airport provide the major forms of transportation to and from the city. (Figure 8)

The Las Vegas and Clark County economies are very integrated. Most of the available economic data were collected at the county level. Some aggregated information collected at the city level was used to compare Las Vegas to competing regional cities.

7.1.6.1 Existing Economic Functions

Over much of the period since its settlement, the City of Las Vegas and the surrounding metropolitan area have depended on gaming. Economic diversification has occurred only to a small extent. Diversification adds jobs, increases the local tax base, and resists

Figure 8



and the Spectrum of Las Vegas.

The 260 acre Las Vegas Technology Center is a business park. The Tech Center will be a full service business complex offering its tenants location, services, utilities, and quality atmosphere. The Tech Center will contain a variety of uses including, office, research, manufacturing, testing and evaluation, and supporting commercial uses.

The Spectrum of Las Vegas is a master-planned complex managed by Lewis Properties. The 118 acre complex provides industrial, commercial, retail, office, and even residential uses in a park like setting, with access to I-515 and Mc Carran International Airport.

The favorable tax structure, easy highway access, proximity to Los Angeles, and a ready workforce creates an ideal situation for industrial attraction. This is especially true when compared to the high taxes and high labor costs in the Southern California market.

national cycles in the economy or changing consumer attitudes toward gaming.

Four basic economic functions have been identified. These functions include: Industrial, commercial and office, retail and gaming/tourism.

Industrial

The Las Vegas area lags in proportion to the State and the Nation for percentage of workforce in manufacturing. Clark County employees only 2.9% in the manufacturing sector, while the rest of the State employs 6.4% and the national average is about 18%. In comparison to competing cities, Las Vegas lags well behind in this sector.

Industrial land use is dominated by North Las Vegas, Henderson, and Clark County. Because the City has no designated industrial land use, it has fallen behind in providing potential areas for manufacturing to take place. Since 1980,

only about 40 acres of land have been added for industrial use. See Table 5.

The City of Las Vegas, through the Department of Urban and Economic Development, has two major business park centers under development. These are the Las Vegas Technology Center,

Commercial and Office

Downtown Las Vegas has traditionally been the core of office space in the Valley with major tenants such as: bank headquarters, financial, legal, and accounting firms. However, the share

Table 5

Industrial Acreage				
	1980	% of Total	1990	% of Total
City of Las Vegas	492	4.85%	532	4.52%
Clark County	2,313	21.88%	2,867	24.38%
North Las Vegas	4,895	46.31%	5,069	43.10%
Henderson	2,428	22.97%	2,558	21.75%
Boulder City	442	4.18%	726	6.26%
	10,570		11,762	

Source: Las Vegas Perspective 1980 and 1990.

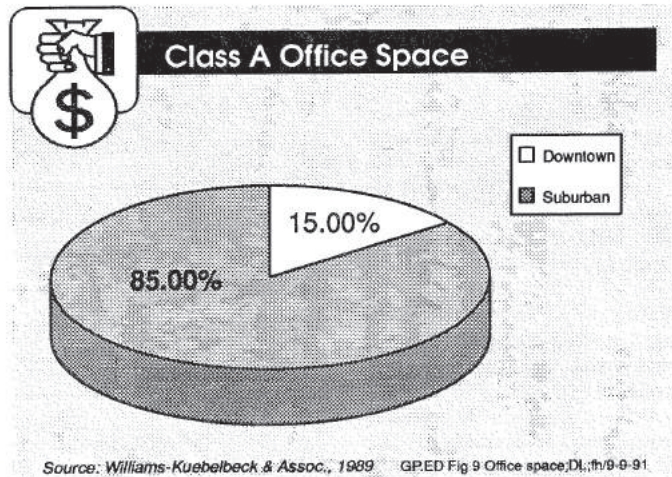
GP.ED Table 5 Ind Acre;DL.pm/7/31/91

of office space held by the downtown has declined during the 1970's and 1980's, as developers built office space outside the City. About 15% of major total office space is located in the downtown. The major tenants are legal professionals, because of the proximity to the courts and government employers. The other economic sectors, such as brokerage firms, accounting firms, insurance carriers, and real estate agencies, have left the downtown.

The City is currently negotiating to retain a major tenant, Clark County. The County has recently analyzed several sites within the City for a new government complex to move its non-court related activities. The sites considered included Lion's Park, Union Pacific Property, Minami Tower and an area out of downtown. It appears that the county will locate at the Union Pacific Property.

Downtown Las Vegas contains only 750,000 sq. ft. of Class A space, representing just 15% of the total Las Vegas Valley supply. Figure 9 displays office space distribution in the Las Vegas area. Approximately 5,000 people are employed are in the office space downtown. (Estimating 150 sq. ft. per employee).

Figure 9



Vacancy rates in the Valley are about equal the national averages of 14%. Downtown Las Vegas is the weakest market in the Valley with about a 16% vacancy rate. These rates are down considerably from 1986 when rates were above 25%.

Two minor commercial/office areas are noticed in the City, these are the Charleston Corridor and Eastern Avenue. Emerging commercial/office areas include: the Valley Bank complex at Westcliff and Rainbow and the

Citibank Complex.

The market for Class A space has been fairly constant over the past decade. Since 1980, the average absorption rate has been just under 100,000 sq. ft. annually. Over that same time, the average annual construction of new space has been about 115,000 sq. ft., with most of the new space being constructed in suburban areas. Table 6 indicates that suburban construction accounted for 81% of new space and 84% of total absorption. These trends

Table 6

Class A Absorption of 1980's Office Buildings					
Downtown vs. Suburban					
	Constructed Sq. Feet	%	Absorbed Sq. Feet	%	
Downtown	215,000	19%	158,600	16%	
Suburban	926,900	81%	807,300	84%	
Total	1,141,900		965,900		

Source: Williams-Kuebelbeck and Associates, 1989

indicate that the downtown is in need of some improvement if it is to compete with other office areas.

Retail

Over 750,000 people reside in The Las Vegas Metropolitan area. This area has grown from about 463,000 in 1980 to over 750,000 in 1990, a 60% increase. Today the Las Vegas Metropolitan area is the 76th largest market (population) in the nation.

The City of Las Vegas is one of the fastest growing communities in the country, with population increasing from about 165,000 in 1980 to 258,000 by 1990. Using the 1990 estimated median household income of \$32,862 and the total number of households (101,292) in the City creates a \$3.3 billion market. Sales have increased dramatically as the population has grown in the area. In 1990, total retail sales were above \$8.5 billion. Figures 10 and 11 display total retail spending trends and sales breakdown by category in the Las Vegas area since 1970.

Major retail space totaled 23 million sq. ft. in 1990, with approximately 28% in the City of Las Vegas. In 1990, 3.3 million sq. ft. were constructed in the Las Vegas area.

Most of the construction in the City has occurred in the west and northwest sectors. Vacancy rates in major anchored spaces average 9 percent, with few retail operations in the downtown. The existing retail in downtown is geared toward the tourist; none is intended for the downtown workforce, except for some lunch establishments. Revitalization will make the downtown attractive to the local citizens.

Figure 10

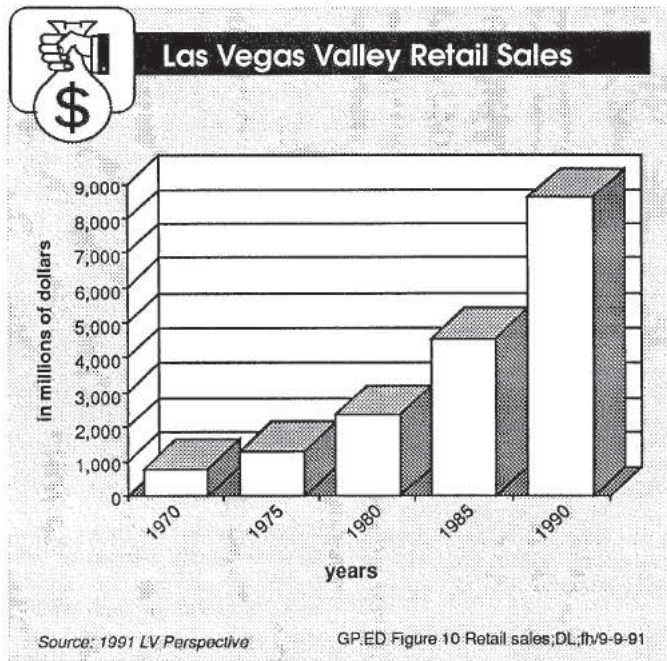


Figure 11

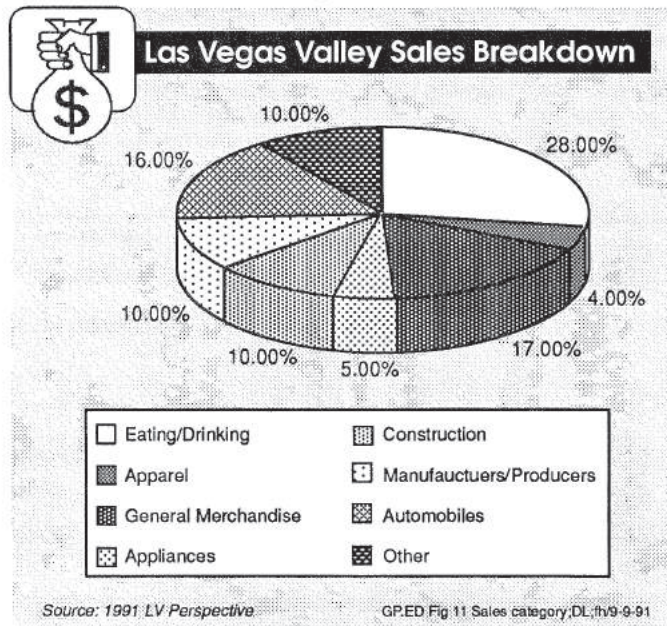
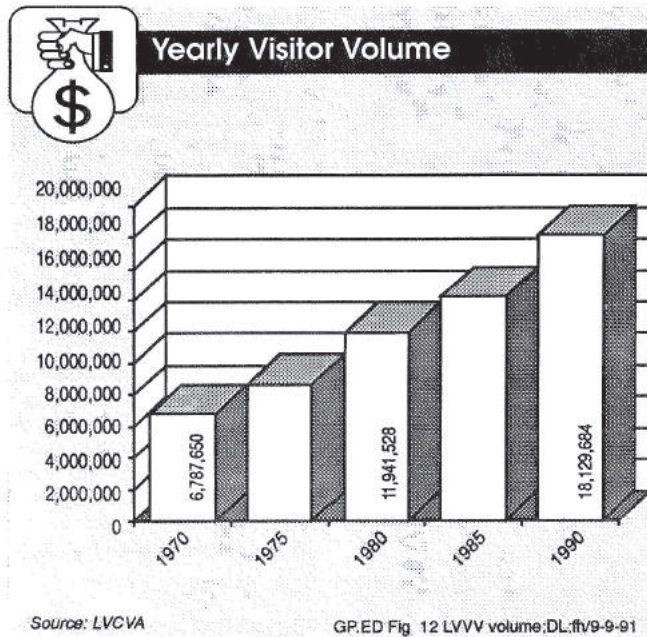


Figure 12

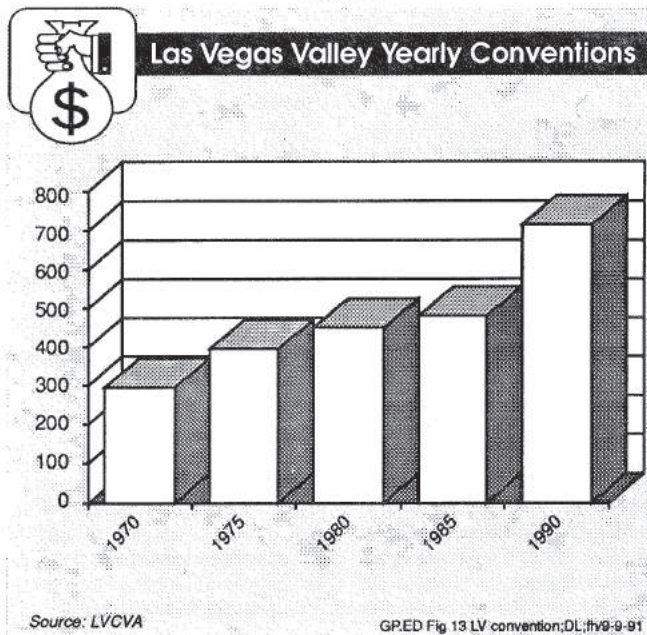


Tourism/Gaming

Gaming continues to be the foundation of the Las Vegas economy. The visitor volume for the Valley has steadily increased, from 11 million in 1980 to over 20 million in 1990. In 1990, over 1,000 conventions were held in the Valley. Figures 12, 13, and 14 present the total visitor volume, total conventions, and visitor generated revenues in the Valley. Noticeable in the tables is the leveling off in the 80-85 recession. However, downtown has experienced decreases throughout this entire period.

Las Vegas was made famous by the Casino Center. Today, the "Strip" has become the heart of the Las Vegas tourist industry. However, the "Strip" is in Clark County and the major competitor with the downtown. Visitors travel to the major resort casinos located there and bypass the older gaming oriented casinos downtown. Efforts to revitalize the downtown have resulted in little success. Only about 15% of the total hotel rooms are located in the downtown, and these are older and in smaller casinos, which provide little of the extravagance that has made Las Vegas a tourist destination. The Main Street Station is a recent public/private partnership effort to revitalize the downtown area.

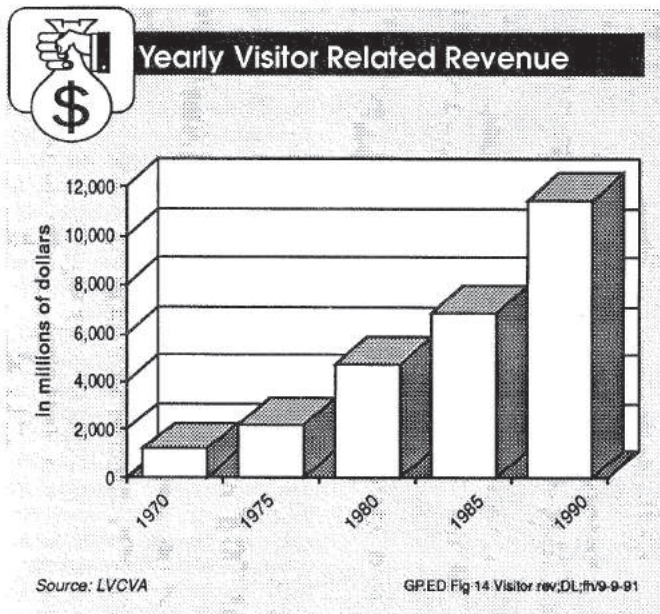
Figure 13



Many other areas compete for gaming dollars. These include Reno and Lake Tahoe, Laughlin and the Stateline area. Both Laughlin and Stateline are strategically located between Las Vegas and the major population areas that travel to the casinos. These areas have experienced considerable growth over the last several years. Other local areas also compete for limited gaming dollars are North Las Vegas, Jean and Henderson.

Nationally, only one other major gaming destination point exists, Atlantic City, New Jersey. Many small gaming areas are emerging in other parts of the nation, such as riverboat gaming in Iowa and casino gaming in Black Hills, South Dakota.

Figure 14



7.1.7 Socio-Economic Information

Population

In order to understand the development of an area it is important to have knowledge of the changing size of the residents population over time. Such an analysis reveals population growth trends and provides important insights to the economic development planning process. One of those insights is that revenues increase with population, which is a result of the tax redistribution system.

Table 7 displays an array of data about the residents of Las Vegas over the last decade and makes some projections for the next decade. The following observations can be made.

- A general aging trend can be noticed, from a median age of 29.8 in 1980, to 33 in 1990, and a projection of 35 in 2000.

- In 1980 the male female split was 50/50, by 1990 there was a majority of females 52% to 48%. The projections for 2000 continue the 1990 percentage split.
- The 1980 breakdown, when compared to 1990, shows an increase in the minority population from 26% to 30%. This trend will also continue into the next decade. The local trend is consistent with the national trend of an increasing minority population.
- In 1980 only 70% of the minority group had received a high school diploma, by 1990 the number increased to 90%, and by 2000, 95% will have that minimum level of education. While only 11% of the population had a college degree in 1980, and 25% held one in 1990, by 2000 nearly 30% will have an advanced degree. An educated and trainable workforce is essential to attract today's firms.

Employment and Income

The quality and size of the labor force are important factors influencing the economic development of the City. The location of Las Vegas in the metropolitan area results in the availability of workers from throughout the area. Table 8 displays the total employment in Clark County since 1970. Employment has increased from 220,600 in 1980 to 340,400 in 1990. Map 1, page 18a, displays the major employment centers in the Las Vegas area.

Another indicator of the economic status of the City of Las Vegas is household income. Table 9 displays the income levels from 1980 and projected to 2000. As shown, the median household income has increased from \$17,000 in 1980 to \$32,000 in 1990 and is projected to reach \$56,000 in 2000.

Wage structure is an important component in the economic development process. Table 10 displays the average wage rates for selected occupations.

Nuclear Waste Repository Coordination

Population and economic growth are important to the City, and any major projects that could impact the City must be studied. Currently, a high level nuclear waste repository at Yucca Mountain is proposed by the U.S. Department of Energy. If constructed, the facility could affect the Las Vegas area for generations.

Thus, the in-depth study of the project is valuable. Las Vegas, along with the other affected areas, is doing just that through the General Plan. A DOE consultant, Impact Assessment, Inc. is preparing a "Base Case" analysis for Clark County and jurisdictions to depict current conditions so that the County can be prepared to assess the consequences that any development at Yucca Mountain would create.

Table 7a

1980 Population Profile					
AGE	%	POP.	SEX	%	POP.
0-5	7%	11,962	Male	50%	82,602
6-11	10%	17,111	Female	50%	82,072
12-17	10%	16,663			
18-24	13%	21,810			
25-34	17%	28,652			
35-44	13%	21,296			
45-54	11%	17,876			
55-64	9%	15,556			
64+	8%	13,750			
Total Population		164,674			
Median Age		29.8			
ANNUAL HOUSEHOLD INCOME					
Income Group					
From\$	To\$	% HH			
0	9,999	27%			
10,000	19,999	29%			
20,000	24,999	13%			
25,000	34,999	17%			
35,000	49,999	9%			
50,000	+	5%			
Total Households		62,412			
Median HH Income		\$17,468			
RACE					
White	74%	121,544			
Black	13%	21,053			
Hispanic	8%	12,787			
Asian	2%	3,350			
Am. Indian	1%	1,050			
Other	3%	4,890			
Total	100%	164,674			
OVERALL EDUCATION LEVEL					
College Degree	11%	11,179			
Some College	19%	18,887			
High School	41%	40,079			
Some High School	28%	27,108			
Adults 25+	100%	97,253			
% High School Graduates		72.1%			

Source: US Census, 1980

GP.ED Table 7a Population 80.DL.pnv9-9-91

Table 7b

1990 Population Profile					
1990 POPULATION BREAKDOWN					
AGE	%	POP.	SEX	%	POP.
0-5	9%	23,247	Male	48%	123,982
6-11	8%	20,664	Female	52%	134,313
12-17	7%	18,081			
18-24	9%	23,247			
25-34	19%	49,076			
35-44	16%	41,327			
45-54	12%	30,995			
55-64	10%	25,830			
64+	10%	25,830			
Total		258,295			
Median Age		33			
RACE					
White	70%	181,840			
Black	14%	36,420			
Hispanic	11%	27,638			
Asian	4%	9,815			
Am. Indian	1%	1,808			
Other	>1%	775			
Total	100%	258,295			
ANNUAL HOUSEHOLD INCOME					
Income Group					
From\$	To\$	% HH			
0	9,999	7%			
10,000	19,999	18%			
20,000	24,999	9%			
25,000	34,999	21%			
35,000	49,999	21%			
50,000	+	24%			
Total Households		101,292			
Median HH Income		\$32,662			
OVERALL EDUCATION LEVEL					
Graduate Degree	7%	18,081			
Some Graduate	4%	10,332			
College Degree	14%	36,161			
Some College	34%	87,820			
High School	31%	80,071			
Some High School	10%	25,830			
Total	100%	258,295			

Source: US Census and 1990 Las Vegas Perspective Percentages

GP.ED Table 7b Population 90.DL.pnv9-16-91